

EXHIBIT 1

ARTICLES OF INCORPORATION
OF THE
ELECTRONIC CLASSROOM OF TOMORROW

RECEIVED

FEB 08 2000

J. KENNETH BLACKWELL
SECRETARY OF STATE

The undersigned, desiring to form a nonprofit corporation pursuant to Chapter 1702 of the Ohio Revised Code, does hereby certify that:

FIRST: The name of the corporation shall be the ELECTRONIC CLASSROOM OF TOMORROW.

SECOND: The place in Ohio where the principal office of the corporation is to be located is Toledo, Lucas County, Ohio.

THIRD: The corporation is organized exclusively for educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or the corresponding provision of any future United States Internal Revenue Law (the "Code") to operate as a school in the State of Ohio. This corporation shall not engage in activities which are not in furtherance of the educational purposes set forth in this Article THIRD.

FOURTH: The following restrictions shall apply to the corporation:

- (a) No part of the assets or of the net earnings of the corporation shall inure to the benefit of any member, trustee, or officer of the corporation or any private individual (except that reasonable compensation may be paid for services rendered to or for the corporation affecting one or more of its purposes). In the event of the liquidation or dissolution of the corporation, whether voluntary or involuntary, no member, trustee or officer of the corporation, or any private individual, shall be entitled to any distribution or division of the remaining assets or their proceeds.
- (b) No substantial part of the activities of the corporation shall be the carrying on of propaganda or otherwise attempting to influence legislation, nor shall the corporation participate or intervene in (including the publication and distribution of statements) any political campaign on behalf of any candidate for public office.
- (c) Notwithstanding any other provision in these Articles, the corporation shall not conduct or carry on any activities not permitted to be conducted or carried on by an organization exempt under Code Section 501(c)(3), or by an organization, contributions to which are deductible under Code Section 170(c)(2), or corresponding provisions of any subsequent federal tax laws.

RECEIVED

FEB 11 2000


J. KENNETH BLACKWELL
SECRETARY OF STATE

FIFTH: The names and addresses of the persons who are appointed to act in the capacity of the Initial Trustees of this corporation until the selection of their successors are as follows:

<u>Name</u>	<u>Address</u>
Donald F. Wihl	3281 Darraq Cr., Columbus, Ohio 43223
Clyde Card	2500 Lytham Rd., Upper Arlington, Ohio 43220
Sherri Dembinski	1044 S. Brinker Ave., Columbus, Ohio 43204
David Brailsford	913 Madison Ave., Toledo, Ohio 43624
Diane King	3255 Winding Creek Dr., Columbus, Ohio 43223

SIXTH: In the event of the dissolution of the corporation, the corporation shall, after paying or making provision for the payment of all liabilities of the corporation, dispose of all of the assets of the corporation exclusively for the purposes set forth in Article THIRD of these Articles of Incorporation.

IN WITNESS WHEREOF, I have hereunto subscribed my name on February 3, 2000.



Amy J. Borman, Incorporator

DATE DOCUMENT NO DESCRIPTION
1. 2/22/2000 200004000112 ARN DOMESTIC ARTICLES/NON-PROFIT

	FILING	EXPED	PENALTY	CERT	COPY
	25.00	10.00	0.00	0.00	0.00
TOTAL	25.00	10.00	0.00	0.00	0.00

Return To:
CORPORATE SERVICES OF OHIO, INC.
50 W BROAD ST, STE 1120
COLUMBUS, OH 43215-0000

— cut along the dotted line —



The State of Ohio
❖ *Certificate* ❖

Secretary of State - J. Kenneth Blackwell

1134365

It is hereby certified that the Secretary of State of Ohio has custody of the business records for ELECTRONIC CLASSROOM OF TOMORROW and that said business records show the filing and recording of:

Document(s)
DOMESTIC ARTICLES/NON-PROFIT

Document No(s):
200004000112

United States of America
State of Ohio
Office of the Secretary of State



Witness my hand and the seal of the Secretary
of State at Columbus, Ohio, This 11th day of
February, A.D. 2000

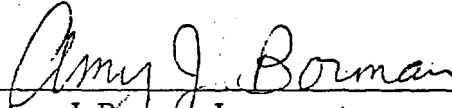
J. Kenneth Blackwell
J. Kenneth Blackwell
Secretary of State

ORIGINAL APPOINTMENT OF STATUTORY AGENT

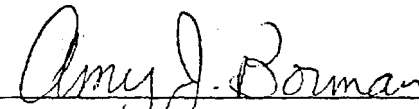
OF THE

ELECTRONIC CLASSROOM OF TOMORROW

The undersigned, being the incorporator of the ELECTRONIC CLASSROOM OF TOMORROW, hereby appoints Amy J. Borman, a natural person and resident in the state in which such corporation has its principal office, upon whom any process, notice or demand required or permitted by statute to be served upon the corporation may be served. Her complete address is Amy J. Borman, Esq., Cooper, Walinski & Cramer, 900 Adams Street, Toledo, Ohio 43624.


Amy J. Borman, Incorporator

The undersigned hereby accepts appointment as statutory agent for the ELECTRONIC CLASSROOM OF TOMORROW.


Amy J. Borman, Esq.

Dated: February 3, 2000

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
CINCINNATI OH 45999

DATE OF THIS NOTICE: 05-05-2000
NUMBER OF THIS NOTICE: CP 575 C
EMPLOYER IDENTIFICATION NUMBER: 34-1922362
FORM: SS-4
1752405817 B W

FOR ASSISTANCE CALL US AT:
1-800-829-1040

ELECTRONIC CLASSROOM OF TOMORROW
% DONALD F WIHL
2341 HARDESTY CT
COLUMBUS OH 43204

OR WRITE TO THE ADDRESS
SHOWN AT THE TOP LEFT.

IF YOU WRITE, ATTACH THE
STUB OF THIS NOTICE.

WE ASSIGNED YOU AN EMPLOYER IDENTIFICATION NUMBER (EIN)

Thank you for your Form SS-4, Application for Employer Identification Number (EIN). We assigned you EIN 34-1922362. This EIN will identify your business account, tax returns, and documents, even if you have no employees. Please keep this notice in your permanent records.

Use your complete name and EIN as shown above on all federal tax forms, payments, and related correspondence. If you use any variation in your name or EIN, it may cause a delay in processing, incorrect information in your account, or cause you to be assigned more than one EIN.

Based on the information shown on your Form SS-4, you must file the following form(s) by the date we show.

Form 941

07/31/2000

Your assigned tax classification is based on information obtained from your Form SS-4. It is not a legal determination of your tax classification and is not binding on the IRS. If you want a determination on your tax classification, you may seek a private letter ruling from the IRS under the procedures set forth in Rev. Proc. 98-01, 1998-1 I.R.B. 7 (or the superceding revenue procedure for the year at issue).

If you need help in determining what your tax year is, you can get Publication 538, Accounting Periods and Methods, at your local IRS office.

If you have questions about the forms shown or the date they are due, you may call us at 1-800-829-1040 or write to us at the address shown above.

If you're required to deposit for employment taxes (Forms 941, 943, 940, 945, CT-1, or 1042), excise taxes (Form 720), or income taxes (Form 1120), we will send an initial supply of Federal Tax Deposit (FTD) coupon books within six weeks. You can use the enclosed coupons if you need to make a deposit before you receive your supply.

Start your business off right - pay your taxes the easy way. Pay through the Electronic Federal Tax Payment System (EFTPS). For information about EFTPS, call 1-800-829-3676 and request Publication 966, EFTPS Answers to the Most Commonly Asked Questions.

AMENDED AND RESTATED
CODE OF REGULATIONS
OF THE
ELECTRONIC CLASSROOM OF TOMORROW
ARTICLE I
PURPOSE

Section 1. Purpose. The ELECTRONIC CLASSROOM OF TOMORROW (also known as eCOT) (the "Corporation") is organized exclusively for educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or the corresponding provision of any future United States Internal Revenue Law to operate as a community school in the State of Ohio.

ARTICLE II

TRUSTEES

Section 1. Number. The number of Trustees of the Corporation shall be at least three (3) and no more than nine (9), or such greater number as may be subsequently decided by the Trustees, but in no case less than three (3).

Section 2. Term. Each Trustee will serve a one-year term, which may be renewed as many times as such Trustee is elected. Each Trustee shall hold office until the next annual meeting and until his or her successor is elected, or until his or her earlier resignation, removal from office, or death.

Section 3. Qualifications and Role of Trustees. The Trustees shall be, in their capacity as Trustees, the Governing Board of a school in Ohio and a public community school upon the signing of a charter contract with a sponsor which creates the school. The Trustees shall have a strong interest in the welfare of the Corporation and in education, and in particular, in the Corporation's desire to promote performance driven distance learning. Each Trustee should be willing and able to attend all meetings, both regular and special, and also be willing to accept special assignments and serve on committees.

Section 4. Election of Initial Trustees. The Initial Trustees of the Corporation shall be:

<u>Name</u>	<u>Address</u>
Donald F. Wihl	3281 Darraq Cr., Columbus, Ohio 43223
Clyde Card	2500 Lytham Rd., Upper Arlington, Ohio 43220
Sherri Dembinski	1044 S. Brinker Ave., Columbus, Ohio 43204
David Brailsford	913 Madison Ave., Toledo, Ohio 43624
Diane King	3255 Winding Creek Dr., Columbus, Ohio 43223

The Interim Trustees shall elect the Trustees for the first year's term in accordance with this Code of Regulations, no later than July 1, 2000. In each subsequent year, candidates for Trustee shall be nominated by the Board of Trustees or a committee thereof consisting of at least three (3) Trustees, and shall be voted on by all Trustees eligible to vote.

Section 5. Meetings. The annual meeting of the Trustees shall be held at such time and place as a majority of the Trustees may determine and special meetings may be called at any time by the President or by any one (1) of the Trustees. Provided however, once a charter is granted and a contract executed to become a public school, meetings relating in any way to the business or operation of the public school must be open to the public and publicized or advertised as required by law.

The rules contained in the current edition of Robert's Rules of Order Newly Revised shall govern the applicable procedure at meetings, as long as such rules are not inconsistent with this Code of Regulations, or any special rules the Board of Trustees may adopt.

Section 6. Quorum and Voting. The presence of the President, plus a simple majority of the total number of Trustees shall constitute a quorum for the transaction of business at all meetings of the Board of Trustees. A vote of a simple majority of the Trustees present at a meeting at which a quorum is present shall be required to effectuate action on all matters within the powers of the Board of Trustees.

In addition to those Trustees who are actually present at a meeting, Trustees shall, for purposes of this section, be deemed present and able to vote at such meeting if a conference telephone or similar communications equipment is used by means of which all persons participating in the meeting can hear each other at the same time. Provided however, once a charter is granted and a contract executed to become a public school, to the extent such a meeting relates in any way to the business or operations of the public school, Trustees must be physically present at a meeting in order to be counted as part of a quorum and to vote.

Section 7. Notice and Waiver. Unless waived in writing, notice of each annual or special meeting communicating the day, hour and place, and the purpose or purposes thereof shall be given to each Trustee by the Secretary of the Corporation not more than sixty (60) days nor less than three (3) days before any such meeting. Notice of the time, place and purposes of any meeting may be waived in writing, either before or after the holding of such meeting, by any Trustee, which writing shall be filed with or entered upon the records of the meeting. The attendance of any Trustee at a meeting without protesting, prior to or at the commencement of the meeting, shall waive notice or lack of proper notice for that meeting.

Section 8. Action by Written Consent. Any action required or permitted to be taken at any meeting of the Board of Trustees or of any committee thereof may be taken without a meeting, if a written consent to such action is signed by all of the Board of Trustees or of such committee, as the case may be, and such written consent is filed with the minutes of proceedings of the Board of Trustees or committee. Such a written consent may be signed by facsimile signatures which shall be construed as originals, and/or on separate but identical documents which shall be construed as one original. Provided however, to the extent that the school operated by the Corporation is a public school pursuant to a fully executed charter contract, all action must be taken at open and public meetings and action by written consent shall not be allowed.

Section 9. Committees. The Board of Trustees may create an Executive Committee and such other committee or committees as the Trustees may determine, the members of which committee or committees shall consist of not less than three (3) Trustees. A simple majority of the members of any such committee shall constitute a quorum, and the act of a simple majority of the votes cast at a meeting at which a quorum is present shall be the act of the committee. In every instance, however, the final action on all committee business shall be in the nature only of recommendations to the Board of Trustees.

Section 10. Removal of Trustees. Any Trustee may be removed, with or without cause, at any time by the majority vote of the Board of Trustees.

Section 11. Resignations and Vacancies. Any Trustee may resign by tendering a written resignation to the Board of Trustees. The resignation shall be effective on the date of its receipt by the Board of Trustees, and the receipt of the resignation shall require no further action to be

effective. Vacancies in the Board of Trustees shall be filled in accordance with Section 4 of this Article II.

Section 12. Powers of Trustees. Subject to the provisions of Ohio law in general, the Ohio Nonprofit Corporation Law, the Articles of Incorporation and the Code of Regulations of the Corporation, the Board of Trustees shall do and perform every act and thing whatsoever which it shall deem necessary, expedient or advisable to carry out the purposes of the Corporation.

ARTICLE III OFFICERS

Section 1. Number, Title and Election. The officers of the Corporation shall consist of the President, First Vice President and Second Vice President, and such other officers and assistant officers as the Board of Trustees shall deem advisable, each of whom shall be elected by the Board at the annual meeting of the Board. Officers shall hold office for a term of one (1) year, or until their successors are elected and qualified, except in the event of their earlier death, resignation or removal. All officers shall be elected from the Board of Trustees of the Corporation.

Section 2. Vacancies. A vacancy in any office because of death, resignation or removal of an officer shall be filled by the Board of Trustees for the unexpired term of such office.

Section 3. Resignation or Removal of Officers. An officer of the Corporation may resign at any time by tendering his or her resignation in writing to the Board of Trustees and such resignation may become effective immediately upon its delivery to the Board. An officer of the Corporation may be suspended or removed at any time, with or without cause, by the Board of Trustees. The election or appointment of an officer for a term of office shall not be deemed to create contract rights.

Section 4. President. The President shall coordinate the activities directed by the Board of Trustees and shall be responsible for the administration of the Corporation in all its activities subject to the policies and goals established by the Board of Trustees. The President shall also appoint Committee Chairs with the majority consent of the Trustees.

Section 5. Secretary and Treasurer. The Secretary/Treasurer shall be an ex-officio member of the Board of Trustees and part of the staff of the Corporation. As Secretary, such person shall be responsible for providing notice of meetings to the Board of Trustees where notice is required, and to the public for the matters concerning the public school, and shall keep a record of the proceedings of the Board of Trustees, and shall perform other duties as may be required by the Board of Trustees, including, but not limited to correspondence, scheduling, managing the Corporation's web site, parliamentary procedures, and other business affairs as assigned by the Board of Trustees. As Treasurer, such person shall have custody of the cash, securities, and other assets of the Corporation and, subject to majority approval of the Trustees, may be allowed to contract for financial services. The Treasurer shall receive contributions, bequests, revenues, and other assets to which the Corporation is entitled and disburse funds as directed by the Board of Trustees, maintaining appropriate records thereof, and shall perform other duties as may be required by the Board of Trustees. The Treasurer shall design and maintain appropriate books of accounts and supporting records and shall prepare and file all returns and related reports required by federal and state statutes and regulations and by the Board of Trustees.

Section 6. Vice President. The Vice President shall perform the duties of the President when the President is absent, and all other duties as may be assigned to the Vice President by the Board of Trustees.

Section 7. Second Vice President. The Second Vice President shall perform the duties of the Vice President when the Vice President is absent, and all other duties as may be assigned to the Second Vice President by the Board of Trustees.

ARTICLE IV

INDEMNIFICATION

Indemnification of Trustees, Officers, Employees and Agents. Each person who at any time is or shall have been a Trustee, officer, employee or agent of the Corporation, or a Trustee member of the Governing Board of the school, and such person's heirs, executors and administrators, shall be indemnified by the Corporation in accordance with and to the full extent permitted by the Nonprofit Corporation Law (Ohio Revised Code, Section 1702.12(E)) as in effect at the time of the adoption of these Regulations or as amended from time to time thereafter. The foregoing right of indemnification shall not be deemed exclusive of other rights to which any Trustee, officer, employee, agent or other person may be entitled in any capacity as a matter of law or under any regulations, agreement, vote of Trustees, or otherwise. As authorized by the Board of Trustees, the Corporation may purchase and maintain insurance against liability on behalf of any such person to the full extent permitted by law in effect at the time of the adoption of these Regulations or as changed from time to time.

ARTICLE V

CONTRACTS BETWEEN CORPORATION AND RELATED PERSONS

To the greatest extent allowed by Ohio law, any contract or other transaction between this Corporation and one or more of its Trustees, or between this Corporation and any entity of which one or more of this Corporation's Trustees are interested, whether such Trustee is a member of the Governing Board of the school or not, shall be valid for all purposes, notwithstanding the presence of such Trustee at the meeting at which the Board of Trustees of the Corporation acts upon, or in reference to, such contract or transaction, and notwithstanding the participation of the Trustee in such action, if the fact of such interest shall be disclosed or known to the Board of Trustees, and the Board of Trustees nevertheless, authorize, approve or ratify such contract or transaction by a vote of a majority of the Trustees present. Unless Ohio law otherwise prohibits or permits, the interested Trustee may be counted in determining whether a quorum is present, but may not be counted in voting upon the matter or in calculating the majority of such quorum necessary to carry such vote. This Article shall not be construed to invalidate any contract or other transaction which would otherwise be valid under the common and statutory law applicable thereto.

ARTICLE VI

BOOKS AND RECORDS

The Corporation shall keep correct and complete books, records and minutes of the Board of Trustees' meetings and once the Corporation becomes a public school by execution of a charter contract, such books and records shall be public records. The President of the Corporation shall keep an accurate list of the names and addresses of the Board of Trustees.

ARTICLE VII

AMENDMENTS

The Articles of Incorporation and Code of Regulations shall be adopted and/or amended as follows:

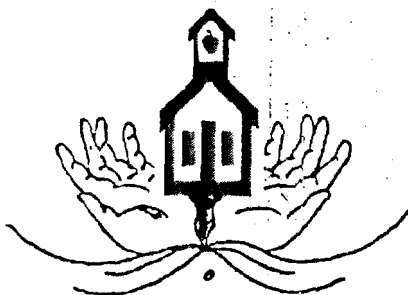
If, at any given time, the number of Trustees is three (3), by a unanimous vote.

If, at any given time, the number of Trustees is five (5), by an affirmative vote of four (4) Trustees.

If, at any given time, the number of Trustees is seven (7), by an affirmative vote of five (5) Trustees.

If, at any given time, the number of Trustees is nine (9), by an affirmative vote of seven (7) Trustees.

EXHIBIT 2



Lucas County Community Schools Project
Central Union Plaza
415 Emerald Avenue - Second Floor
Toledo, Ohio 43602
(419) 246-3137
FAX (419) 245-4186

Thomas B. Baker, Superintendent

February 4, 2000

Mr. William L. Lager
2341 Hardesty Court
Columbus, Ohio 43204

Bill
Dear Mr. Lager:

Congratulations! Your Community School Preliminary Agreement was approved at the February meeting of the Lucas County Governing Board.

You are now embarking on a process which may lead to the formation of a Community School. The complete application packet needs to be completed and returned to our office for review. The application process is complex and requires a great amount of time and effort to insure the creation of quality programs. Please make sure all materials are of high quality and follow the guidelines provided.

We applaud your efforts regarding school reform and are committed to assisting you in any way possible with the application materials. We look forward to developing a long-term relationship with you in making the proposed school a reality. If we can help in any way, please contact the Community School's Office at 246-3137.

Sincerely,

TB
Thomas B. Baker
Superintendent

TBB/mm

Great

EXHIBIT 3

CONTRACT
For
COMMUNITY SCHOOL
(start-up)
(Sponsor is L.C.E.S.C.)

This contract is entered into by and between the Lucas County Educational Service Center (hereinafter **Sponsor**) and Electronic Classroom of Tomorrow (eCOT), the governing authority of the community school called eCOT established as a non-profit corporation under Chapter 1702 of the Ohio Revised Code (hereinafter **School Governing Authority**).

WHEREAS Ohio law permits community schools in the Lucas County area on a pilot project basis; and

WHEREAS the School Governing Authority seeks to operate a community school; and

WHEREAS Ohio law requires the School Governing Authority and the Sponsor to enter into a Contract to authorize, create and operate a community school; and

NOW THEREFORE, the School Governing Authority and the Sponsor enter into this Contract with the following terms and conditions.

1. **Creation of Community School.** The School Governing Authority and the Sponsor agree that the School Governing Authority may create and operate a community school (hereinafter sometimes referred to as "the school") as permitted by law, subject to the laws of the State of Ohio and this Contract.
2. **Community School Obligations.** The School Governing Authority, for itself and on behalf of the school, covenants and agrees as follows:
 - a. The school shall be established and operated as a non-profit corporation established under Chapter 1702 of the Ohio Revised Code. The school shall maintain in good standing its status as a non-profit corporation. The school may, but is not required to, qualify a charity under Section (501 (c)(3) of the Internal Revenue Code.
 - b. The Governing Authority may employ teachers and non-teaching employees and such employment under §3314.10 of the Ohio Revised Code is subject to either Chapter 3307 or 3309 of the Ohio Revised Code, as applicable. The Governing Authority shall be a "public employer" of any employees hired under §3314.10 of the Ohio Revised Code for purposes of Chapter 4117 of the Ohio Revised Code.

section 4117.01 of the Ohio Revised Code.

- c. Except as otherwise permitted by this Contract, a collective bargaining agreement, or the Sponsor, contracts entered into with third parties shall provide for a right to cancel or terminate or non-renew effective each June 30th.
- d. The School shall comply with sections 9.90, 9.91, 109.65, 121.22, 149.43, 2151.358, 2151.421, 2313.18, 3301.0710, 3301.0711, 3301.0714, 3313.017, 3313.50, 3313.643, 3313.66, 3313.661, 3313.662, 3313.67, 3313.672, 3313.673, 3313.69, 3313.71, 3313.80, 3313.96, 3319.321, 3319.39, 3321.01, 3327.10, 3365., 4111.17 and 4113.52 and Chapters 117., 1347., 2744., 4112., 4123., 4141. and 4167. of the Ohio Revised Code as if it were a school district. The School shall comply with Chapter 102 of the Ohio Revised Code, except that nothing in this Chapter shall prohibit a member of the School's Governing Board from also being an employee of the School and nothing in that Chapter or Section 2921.42 of the Ohio Revised Code shall prohibit a member of the School's Governing Board from having an interest in a contract into which the Governing Board enters.
- e. The school and **School Governing Authority** may not carry out any act or insure the performance of any function that is not in compliance with the United States Constitution, the Ohio Constitution, Federal law, Ohio law and this Contract.
- f. The school will be located at various locations throughout Ohio with point of Contract in Lucas County. The school facility will be leased from the Lucas County Educational Service Center.
- g. Any facility used for or by the school shall meet all health and safety standards established by law for school buildings.
- h. The school will provide learning opportunities to a minimum of twenty-five (25) students for a minimum of nine hundred and twenty (920) hours per school year.
- i. The school shall be nonsectarian in its programs, admissions policies, employment practices, and all other operations, and will not be operated by a sectarian school or religious institution.
- j. Attached as Attachment 1 are the names, addresses, and home telephone numbers of the current members of the governing authority of the school and a description of the process by which the members of the governing authority of the school shall be selected in the future. The Sponsor shall be promptly notified of any changes in members including notice of new members', names, addresses and phone numbers. All governing board members must pass a criminal

background check prior to the opening of the school.

- k. The Chief Administrative Officer of the School will be Altair Learning Management, LLC. Any change in the identity of the Chief Administrative Officer shall be reported immediately to the **Sponsor**.
- l. The school agrees to begin operation not later than September 1, 2000 by teaching the minimum number of students permitted by this Contract. Time is of the essence in commencing operation. Failure to timely commence operation is grounds for termination of this Contract.
- m. The educational program of the school, including the school's mission, its goals, innovative instructional methods and the focus of the curriculum are attached as Attachment 2 and shall be followed and may not be changed without the written consent of the **Sponsor** and the Superintendent of the LC.E.S.C. Attachment 2 is a part of this Contract and incorporated herein by reference.
- n. The performance standards (requirements) and assessments which shall include statewide proficiency tests and any other standards and/or assessments required by law or recommended by the **Sponsor**, or Superintendent of LC.E.S.C. must be timely met and completed. Initial performance standards a/k/a requirements are attached as Attachment 3. These standards shall be met by the school and may be changed from time to time by the **Sponsor** or Superintendent of the L.C.E.S.C. Attachment 3 is part of this Contract and incorporated herein by reference.
- o. The School Governing Authority shall submit not later than November 1 to the **Sponsor** and to the parents of all students enrolled in the school its: financial statement, proposed budget and an annual report of its activities and progress in meeting the goals and standards of this Contract. The financial statement shall be in such form as is prescribed by the State Auditor.
- p. The School Governing Authority shall report annually to **Sponsor** the following on or before the day set by the **Sponsor** for reporting:
 - 1. The number of enrolled students in the school who are not receiving special education and related services pursuant to an individualized education program (IEP);

2. The number of enrolled students who are receiving special education and/or related services pursuant to an IEP and the number of such students counted in a unit approved by the State Board of Education and funded under section 3317.024 of the Ohio Revised Code.
 3. The school's base formula amount which is the amount specified as such in the school's financial plan (budget) for a school year; and
 4. For each student enrolled in the school, the school district that the student is entitled to attend under sections 3313.64 or 3313.165 of the Ohio Revised Code.
 5. The number of student suspensions and expulsions and the number of student suspended and expelled.
- q. Prior to the first day of classes each year, the school shall request in writing the parent, guardian or custodian of each student who is enrolled in the school to register the student's name and address with school.
- r. At least one representative of the **Sponsor** (appointed by its Superintendent), knowledgeable about special education and related services, shall participate in the development of the individualized education program for any student identified as a handicapped child enrolled in the school. The terms, conditions and compensation for the **Sponsor's** representative's participation shall be the subject of a separate contract between the **School Governing Authority** and the **Sponsor**. Any student needing special education or related services will have those services provided by the staff of the L.C.E.S.C. at a fair and equitable cost agreeable to both parties.
- s. The admission procedures of the school are attached hereto as Attachment 4 and shall be followed and may be changed without the written consent of the Sponsor. Attachment 4 is a part of this Contract and incorporated herein by reference. At a minimum, the admission procedures at all times must:
1. specify that the school will not discriminate in its admission of students to the school on the basis of race, religion, color, national origin, handicap, intellectual ability, athletic ability or measurement of achievement or aptitude;

2. be open to any individual entitled to attend school in the State of Ohio pursuant to section 3313.64 or section 3313.65 of the Ohio Revised Code, except that admission to the school may be limited to (i) students who have obtained a specific grade level or are within a specific age group; (ii) students who meet a definition of "at-risk" that the parties to this Contract agree upon and/or; (iii) residents of a specific geographic area that the parties to this Contract agree upon.

If the number of applicants meeting admission criteria exceeds the capacity of the school's programs, classes, grade levels or facilities, students shall be admitted by lot from all eligible applicants, except preference shall be given to students attending the school the previous year and may be given to eligible siblings of such students. The lottery will be conducted by the L.C.E.S.C.

Upon admission of any handicapped student, the school shall comply with federal and state laws regarding the education of handicapped students.

The school will attempt to achieve racial and ethnic balance reflective of the community it serves by doing each of the items recited in Attachment 5. Attachment 5 is part of this contract and incorporated herein by reference.

Notwithstanding the admissions procedures of this Contract, in the event that the racial composition of the enrollment of the school is violative of a federal desegregation order, the school shall take any and all corrective measures to comply with desegregation order.

- t. Tuition in any form shall not be charged for the enrollment of any student. The school shall not solicit contributions either from any student eligible to enroll or enrolled in the school or from any parent or guardian of a student who is enrolled or intending to enroll in the school. Nothing in this section prevents class fees approved by Sponsor, or engaging in voluntary fund-raising activities.
- u. A policy regarding suspension, expulsion, removal and permanent exclusion of a student that specifies among other things the types of misconduct for which a student may be suspended, expelled or removed and the due process related thereto shall be immediately adopted. The school's policy and practices pursuant to the policy shall comply with the requirements of sections 3313.66, 3313.661, and 3313.662 of the Ohio Revised Code. Those policies and practices shall

not infringe upon the rights of handicapped students as provided by state and federal law.

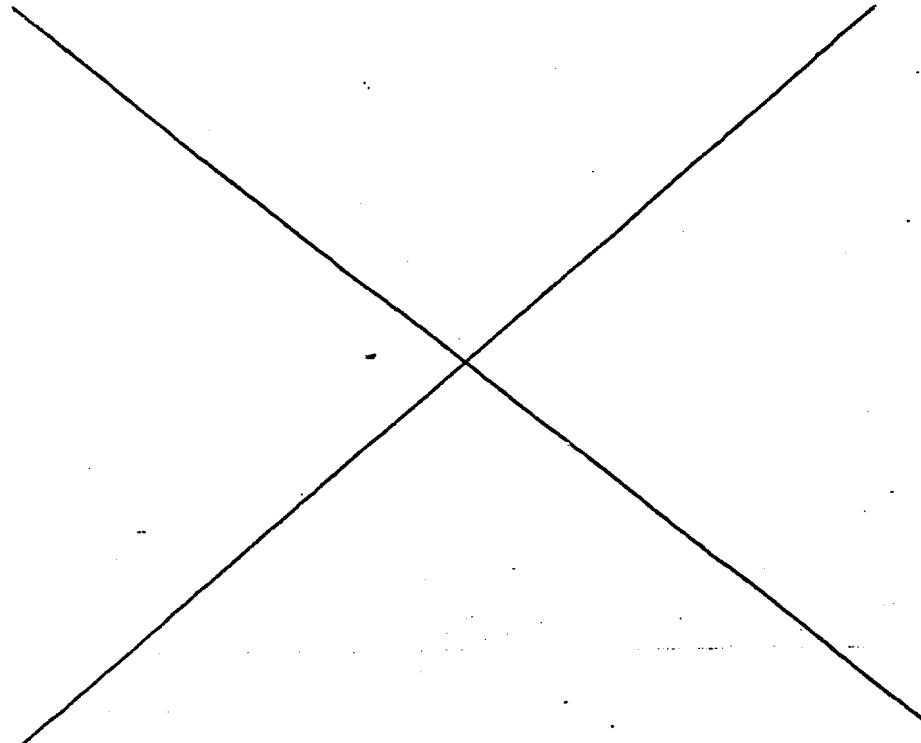
- v. If for any reason the school must close, the school will remain open for students to attend until the end of the school year in which it is determined that the school must close. The programs provided to students in the final year of the school must continue without interruption or reduction unless program changes are approved in writing by the Sponsor. The Sponsor may at its discretion operate the School in the event the Governing Board fails to continue until the end of the approved school year.
- w. At least (1) full-time classroom teacher or two (2) part-time classroom teachers each working more than twelve (12) hours per week must be employed by the school. The full-time classroom teachers and part-time classroom teachers teaching twelve (12) hours per week or more shall be certified in accordance with sections 3319.22 or 3319.31 of the Ohio Revised Code. The school may employ non-certificated persons to teach up to twelve (12) hours per week pursuant to section 3319.301 of the Ohio Revised Code. The school may also employ necessary non-teaching employees.
- x. Although the School Governing Authority may employ teachers and non-teaching employees necessary to carry out its mission and fulfill this contract, no contract of employment shall extend beyond June 30, 2005.
- y. Teachers and non-teaching employees may organize and collectively bargain pursuant to Chapter 4117 of the Ohio Revised Code. In the event of collective bargaining, no collective bargaining agreement shall extend beyond this five year contract. The School Governing Authority shall consider a bargaining unit containing teaching and non-teaching employees to be an appropriate unit notwithstanding section 4117.06(D)(1) of the Ohio Revised Code.
- aa. Provide to all full-time employees health and other benefits. The current benefits are set out in Attachment 6. Attachment 6 may be amended from time to time with the prior written approval of the Sponsor. In the event certain employees have bargained collectively pursuant to Chapter 4117 of the Ohio Revised Code, the collective bargaining agreement supersedes Attachment 6 to the extent that the collective bargaining agreement provided for health and other benefits. The collective bargaining agreement shall not be a part of this Contract. The LC.E.S.C. has formed a health consortium to provide to all

community schools a reduced rate and benefit package. These services are provided at no additional cost. The only cost is for the benefits.

- ab. The school's financial records will be maintained in the same manner as the school district financial records, pursuant to rules of the Auditor of the State of Ohio. Further, during the period commencing upon execution of this Contract and ending June 30 of the second full fiscal Treasurer of the Sponsor. The school shall meet the requirements and follow the procedures for program and financial audits established from time to time by the Auditor of the State of Ohio, the Ohio Department and the Sponsor. To defray the Treasurer's costs in performing the duties of the Chief Financial Officer of the School, the Treasurer may transfer to the general fund of the Sponsor two percent (2%) of all funds in the Treasurer's custody that were paid to the school by the State of Ohio.
- ac. All money received by the school during the period beginning upon execution of this Contract and ending June 30 of the second full fiscal year of the school's operation shall be placed in the custody of the Treasurer of the Sponsor, who shall maintain all funds and accounts of the school. After the second full fiscal year of the school's operation, the School Governing Authority may elect not to continue to have the Treasurer serve as its Chief Financial Officer and the custodian of its funds. Unless the election is made, the Treasurer of the Sponsor shall continue as the Chief Office of the school.
- ad. The fiscal year of the school shall be July to June 30.
- ae. A financial plan detailing an estimated school budget for each fiscal year of this Contract is attached as Attachment 7. Each year of this Contract on or before June 30, a revised school budget shall be submitted to the Sponsor. The budget must detail estimated revenues and expenses. Revenues include the base formula amount that will be used for purposed of funding calculations under section 3314.08 of the Ohio Revised Code. The base formula amount for any year shall not exceed the dollar formula amounts specified for the year under section 3317.022 of the Ohio Revised Code. Other revenue sources must be included in the budget including any projected revenues from the L.C.E.S.C. projected expenses must include the total estimated per pupil expenditure amount for each year.

- af. The school may borrow money only to pay necessary and actual expenses of the school in anticipation of receipt of any portion of the payments to be received by the school pursuant to division (D) of subsection 10 of House Bill 215(1997). The school may issue notes to evidence such a borrowing to mature not later than the end of the fiscal year in which money is borrowed. The proceeds from the notes shall be used only for the purpose for which the anticipated receipts may be lawfully expended by the school. Except as provided in this subparagraph of this Contract, the school may not borrow money.
- ag. General liability insurance at all times will be maintained by the School Governing Authority in amounts not less than one million dollars (\$1,000,000) per occurrence and one million two hundred thousand dollars (\$1,200,000) in the aggregate. The insurance coverage shall not be only for the school and School Governing Authority and its employees but also for the Sponsor; its Board, Superintendent and employees as additional insureds. The insurance coverage must be occurrence coverage rather than claims made coverage. The policy of insurance must be approved by the Sponsor in advance of purchase. The School Governing Authority, upon request of Sponsor, shall provide evidence of such coverage and shall notify Sponsor in writing at least thirty (30) days in advance of any material adverse change to, or cancellation of, such coverage.
- ah. The School Governing Authority and school shall indemnify and hold harmless the Sponsor and its Board, Superintendent, employees and agents from any and all claims, demands, actions, suits, causes of action, obligations, losses, costs, expenses, attorneys fees, damages, orders and liabilities of whatever kind or nature of law, equity or otherwise, arising from any of the following:
 - 1. A failure of the School Governing Authority and/or school or any of its officers, directors, employees, or contractors to perform any duty, responsibility or obligation imposed by law or this Contract; and
 - 2. An action or omission by the School Governing Authority and/or school or any of its officers, directors, employees or contractors that result in injury, death or loss to person or property, breach of contract, or violation of statutory law or common law (state and federal).

- ai. If the Sponsor provides a leave of absence to a person who is thereafter employed by the school, the School Governing Authority and school shall indemnify and hold harmless the Sponsor and its board members, Superintendent, employees and agents from liability arising out of any action or omission of that person while that person is on leave and employed by the School Governing Authority.
- aj. Timely comply with all reasonable requests of the Sponsor and L.C.E.S.C.
- ak. This paragraph intentionally omitted.

- 
- al. *{If the school high school awarding a diploma, add this provision:*
The school shall comply with section 3313.61 and 3313.611 of the Ohio Revised Code except that, by completing the curriculum adopted by the School Governing Authority the student will be deemed to have met the requirement that a person must successfully complete the curriculum specified in Title 33 of the Ohio Revised Code.}
 - am. A breach of any of the covenants and/or agreements in subparagraphs a. through al. Above, shall constitute good cause for termination or non-renewal of this Contract.

3. Other Obligations. The parties covenant and agree as follows:

- a. In consideration of the School Governing Authority entering into a preliminary agreement with Sponsor and executing this Contract, the Superintendent of the Sponsor shall pay to the Chief Fiscal Officer of the school such amounts as the Superintendent has agreed in writing to initially pay the School Governing Authority. The obligation to pay does not arise unless the Superintendent has received the funds from appropriations made pursuant to the Lucas County community school, and the School Governing Authority is in compliance with all of the terms and conditions of this Contract at all times prior to payment. The payment by the Superintendent of the Sponsor to the Chief Fiscal Officer of the school shall be considered a grant subject to the repayment obligations of paragraph 6 of this Contract. If any funds were released by the Superintendent of the Sponsor to the School Governing Authority prior to the execution of this Contract, said funds shall be considered to be a payment toward any amounts to be paid pursuant to this subparagraph.
- b. In the first fiscal year of operation of the school, the Superintendent of the Sponsor shall make an additional grant to the School Governing Authority in an amount to be determined by the Superintendent of the Sponsor in his/her sole discretion but in no event more than \$100,000 for the purpose of partially defraying school start-up costs. The payment made by the Superintendent shall be to the Chief Fiscal Officer of the school and shall be considered a grant subject to the repayment obligations of paragraph 6 of this Contract. If any funds have been paid by the Superintendent to the School Governing Authority, and are not part of the subparagraph (a) above, said funds may be considered by the Sponsor to be a payment toward the amount to be paid pursuant to this subparagraph.
- c. The governing board of the Sponsor and the School Governing Authority may enter into a separate agreement under which the Sponsor will provide services to the school. Services provided under such an agreement and the amount and manner in which the School Governing Authority will pay for such services shall be mutually agreed to in writing between the School Governing Authority and the Sponsor. No such agreement may extend beyond June 30, 2005. The agreement will be entered into subsequent to the adoption of identical resolutions by the governing board of the Sponsor and the School Governing Authority approving such an agreement.

- d. In addition to the fee for service contract recited in subparagraph (c) above, the Superintendent of the Sponsor may also provide without cost technical assistance and training to the school and its staff at such times and to the extent that the Superintendent deems appropriate.
- e. One or more Sponsor representatives (appointed by the Superintendent of the Sponsor) knowledgeable about special education and related services will participate in the development of individualized education program (IEPs) for any student enrolled in the school who is identified as a handicapped child. The nature and scope of the representation and the fee for services rendered by be developed in a separate agreement relating only to IEPs, or in the alternative, if an agreement is entered into as provided in subparagraph (c) above, the agreement also may include IEP participation.
- f. For and in consideration of two percent (2%) of all funds paid to the school by the State of Ohio, the Treasurer of the Sponsor shall serve as the Chief Fiscal Officer of the school. Payments to the Sponsor shall be monthly by transfer to the general fund of Sponsor from the school's accounts that are in the custody of the Chief Fiscal Officer of the school. Payments shall be made based on funds received, not funds expected. In the event that the school elects not to continue to have the Treasurer serve as its Chief Fiscal Officer after the second full fiscal year, but the election is made effective during a subsequent fiscal year, the payment due to the Sponsor for the Treasurer's services shall be prorated by first estimating the total of State funds expected during the fiscal year in which the election is made and then determining the percentage of the year that the Treasurer served as Chief Fiscal Officer and then multiplying expected total funds received by the percentage of the year the Treasurer served as the Chief Fiscal Officer, and then multiply that product by two percent (2%). Payment in full is due on the first work day of the month following the Treasurer's last day as Chief Fiscal Officer. In the event total State funds received are more or less than expected, the parties shall at the end of the current fiscal year recalculate the amount to be received by the Sponsor for the Treasurer's services based upon actual receipts but otherwise using the formula of this subsection.

- g. The Treasurer of the Sponsor shall perform the following functions while serving as the Chief Fiscal Officer of the school.
 - 1. Maintain custody of all funds received by the school;
 - 2. Maintain all accounts of the school;
 - 3. Maintain all financial records of the school and follow procedures for receiving and expending funds which procedures shall include that the Treasurer shall disburse money only upon receipt of a voucher signed by the Chief Administrative Officer of the school or that Officer's designee.
 - 4. Assist the school in meeting all financial reporting requirements established by the Auditor of Ohio; and
 - 5. Invest funds of the school in the same manner as the funds of the Sponsor are invested, but the Treasurer shall not commingle the funds with any funds of the Sponsor or any other community school.
- h. The Sponsor, upon the request of the school, shall adopt a policy that provides a leave of absence of at least three years to each teacher or non-teaching employee of the Sponsor who is employed by the school. The policy shall provide that any teacher or non-teaching employee may return to employment with the Sponsor if the teacher or employee leaves or is discharged from employment with the school for any reason. Upon termination of the leave of absence and immediate return to the Sponsor's employ, any seniority that is applicable to the person shall be calculated to include all of the following: all employment by the Sponsor prior to the leave of absence; all employment by the school during the leave of absence; all employment by the Sponsor after the leave of absence. The policy also shall provide that if any teacher holding a valid teaching certification returns to employment with the Sponsor upon termination of such a leave of absence, the teacher may be restored to the same or similar position and salary as immediately before the leave. Is, as a result of teachers returning to employment upon termination of such leave of absence, the Sponsor reduces the number of teachers it employs, it shall make such reductions in accordance with statutory layoff procedures or a collective bargaining agreement, if applicable. The policy also will provide that personal leave and vacation leave cannot be accrued for use as an employee of the Sponsor while in the employ of the school.

4. Student Transportation. The School Governing Authority and the Sponsor will work cooperatively to assure that transportation of students is provided by the school district in which the school is located to the extent that such transportation is required by law.
5. Contract Authorization. Before executing this Contract, the School Governing Authority must pass a resolution authorizing execution of this Contract and authorizing one or more individuals to execute this Contract for and on behalf of the party will full authority to bind the party.
6. Ending the Community School. In the event that this Contract is terminated or not renewed, the operation of the school will cease as a community school. The following requirements and procedures apply regarding the School Governing Authority and the school (unless operations continue as a public school of an existing school district):
 - a. Regarding employees, if there is a collective bargaining agreement that applies, the collective bargaining agreement shall be followed. In the absence of a collective bargaining agreement, the school may elect to treat employees as laid-off or their positions abolished. Expiring employee contracts may be non-renewed.
 - b. The School Governing Authority's rights to any leased equipment first will be offered to the Sponsor as assignee of the lease(s), subject to the rights of the lessor. If the Sponsor does not accept the assignment, the equipment will be returned to the lessor, or if the lease permits, the School Governing Authority may either assign the lease to a third party for fair value or pay lessor the value of the equipment and acquire equipment. Upon such an acquisition of leased equipment by the School Governing Authority, and as to all equipment owned by the School Governing Authority, the equipment first will be offered to the Sponsor with a right to immediate possession, subject to any security interest any third party has in the equipment. If the equipment is accepted by the Sponsor, the School Governing Authority shall give the Sponsor a bill of sale. In no event will the Sponsor assume any debt by becoming the owner. If equipment owned by the School Governing Authority is not accepted by the Sponsor, the School Governing Authority promptly shall sell it in a commercially reasonable manner and pay the proceeds of sale to the Sponsor, subject to any security interest any third party has in the equipment.

- c. The School Governing Authority's rights to any loaned or leased materials and supplies first will be offered separately to the Sponsor as assignee, subject to the rights of the owner or lessor. If the Sponsor does not accept an assignment, the materials and/or supplies not assigned to the Sponsor will be returned to the owner or lessor, or if any lease permits, the School Governing Authority may either assign the lease to a third party for fair value or pay lessor the value of the materials and/or supplies and acquire them. Upon such an acquisition of loaned or leased materials and/or supplies by the School Governing Authority, and as to all materials and/or supplies owned by the School Governing Authority, the materials and/or supplies first will be offered to the Sponsor with a right to immediate possession, subject to any security interest any third party has in the materials and/or supplies. If the materials and/or supplies are accepted by the Sponsor, the School Governing Authority shall give the Sponsor a bill of sale. In no event will the Sponsor assume any debt by becoming the owner. If materials and/or supplies owned by the School Governing Authority are not accepted by the Sponsor, the School Governing Authority shall sell it in a commercially reasonable manner and pay the proceeds of sale to the Sponsor, subject to any security interest any third party has in the materials and/or supplies.
- d. The School Governing Authority's rights to any leased real personal property first will be offered to the Sponsor as assignee of the lease(s), subject to the rights of the lessor. If the Sponsor does not accept the assignment, the real property will be returned to the lessor, or if the lease permits, the School Governing Authority may assign the lease to a third party for fair value. All real property owned by the School Governing Authority shall become, at Sponsor's option, the property of the Sponsor, subject to any lien or mortgage of record in the real property. If the real property is accepted by the Sponsor, the School Governing Authority shall give the Sponsor a warranty deed of conveyance. In no event will the Sponsor assume any debt by becoming the owner of the real property. If real property owned by the School Governing Authority is not accepted by the Sponsor, the School Governing Authority shall sell it in a commercially reasonable manner and pay the proceeds of sale to the Sponsor, subject to any lien or mortgage of record in the real property.

- e. If monies remain available, the **School Governing Authority**, shall pay all of its other expenses, debts and encumbrances from cash and funds available in school accounts. Thereafter, if monies remain available after all expenses, debts and encumbrances have been paid, the then-remaining funds shall be paid to the **Sponsor** and the **Sponsor** shall use any such funds for public education and/or community school purposes.

If operations at the school continue as a public school of an existing school district immediately after termination of this Contract, then the provisions of paragraphs 6(a) through 6(e), above shall apply, except that the affect school district shall make final decisions regarding whether leases and other contracts will be honored and/or assumed by the School District as successor.

- 7. **Dispute Resolution.** In the event of a dispute between the **Sponsor** and **School Governing Authority** regarding either any term of this Contract or any community school issue, the parties shall each designate a person to resolve the dispute. In the event the designated persons and any dispute resolution procedure agreed to by the parties cannot resolve the dispute, the matter shall be submitted to the Superintendent of the **Sponsor** or his/her designee for decision. The decision by the Superintendent or his/her designee is final and binding. Any appeal of the decision of the Superintendent or his/her designee shall be to the Lucas County Common Pleas Court as if it were an appeal from a decision of an arbitrator.
- 8. **Term.** This Contract shall be for an initial term of five (5) years, ending June 30, 2005, and automatically renewable thereafter for one (1) year periods, if allowed by Ohio law, unless either notified the other in writing at least sixty (60) days prior to June 30 that it does not wish to renew the Contract. The **School Governing Authority's** financial obligations under this Contract survive termination, non-renewal, and expiration. The **Sponsor** may choose not to renew a Contact for any of the following reasons:
 - a. Failure to meet student performance requirements stated in this Contract;
 - b. Failure to meet generally accepted standards of fiscal management;
 - c. Violation of any provision of this Contract or applicable state or federal law; and

- d. Other good cause.

A termination shall be effective only at the conclusion of the instructional year.

At least sixty(60) days prior to the termination or non-renewal of this Contract, the Sponsor shall notify the **School Governing Authority** of the proposed action in writing. Receipt of notice by the Chief Administrative Officer or a member of the governing board of the school shall be conclusively deemed to constitute receipt of notice to the **School Governing Authority**. The notice shall include the reasons for the proposed action in detail. The **School Governing Authority** may, within fourteen (14) days of receiving the notice, request an informal hearing before the **Sponsor**. A decision by the **Sponsor** to terminate this Contract may be appealed only to the State Board of Education. The decision of the State Board of Education is final.

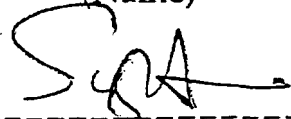
9. **Headings.** Headings are for the convenience of the parties only. Headings have no substantive meaning.
10. **Assignments.** This Contract and its terms shall not be assigned or delegated without the expressed written approval of the other party.
11. **Notice.** Any notice to one party by the other may be satisfied by personal delivery to, in the case of the Sponsor, the Superintendent; in the case of the **School Governing Authority**, the Chief Administrative Officer.

Executed this 30th day of April, 2000 in Toledo, Ohio.

Sponsor

By: 

(Name)



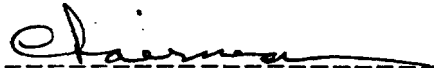
(Title)

with full authority to execute this Contract for and on behalf of Sponsor and will full authority bind Sponsor.

SCHOOL GOVERNING AUTHORITY

By: 

(Name)



(Title)

with full authority to execute this Contract for and on behalf of the School Governing Authority and with full authority to bind The School Governing Authority.